(Security Classification)

DO NOT TYPE IN THIS SPACE

714.00(W)/5-754

FOREIGN SERVICE DESPATCH

FROM : AmEmbassy, GUATEMALA — DESP. NO. 920

TO : THE DEPARTMENT OF STATE, WASHINGTON — DATE May 7, 1954

REF :

Action Assigned to [illegible] — Action Taken noted 5-12-54

For Dept. Use Only	ACTION	DEPT.
	REC'D 5-10	INFO OTHER OCR/R-2 ARA-2 Tina-2 IAD USIA-8 Army-3 Navy-3 Spot Intel-2 Navattache-2 CIA-1

SUBJECT: Joint Weeka No. 18 for State, Army and Air Departments from Guatemala

DECLASSIFICATION DATE 11 2 76

PER Pratt OFFICE ARA

FADRC FOI CASE NO. C40259

Action Office Name of Officer OCB OSD-H file to DC/R

This Document Must Be Returned to RM/R Central Files

714.00(W)/5-754 HBS

SUMMARY

At a Communist-dominated Labor Day rally on May 1, President ARBENZ firmly restated his Administration's leftist policies and, in passages with strong anti-United States overtones, publicly endorsed Guatemala's vote against the anti-Communist resolution at Caracas, attacked the United States State Department's claim on behalf of the United Fruit Company as "unjust and barbarous," and called for the prohibition of the H-bomb. His speech followed one by Victor Manuel GUTIERREZ, Guatemala's Communist labor boss, warning that the country was in danger of armed intervention aided by "governments servile to the Yankee monopolies," and he was introduced by Carlos Manuel PELLECER, the Communist Deputy and labor leader. The Labor Day as a whole, however, was dull and featured no more extravagant or insulting attacks on the United States than previous years.

Meanwhile there was an increase of tension and the Government gave evidence of being jittery. A clandestine radio station calling itself "La Voz de la Liberación" started broadcasting anti-Arbenz and anti-Communist material on May 1 and the authorities nervously tried to track it down. Police continued arrests in connection with the painting of the "32" anti-Communist symbol on walls. The Communist Director General of Radio Broadcasting, Carlos ALVARADO Jerez, notified private radio stations that they had to send in recordings of all political broadcasts. The underlying unrest in the countryside was reflected in an Agrarian Reform riot in the Department of Chiquimula in which at least four people were killed.

American companies, meanwhile, faced new difficulties. The International Railways of Central America were given 60 days to answer a $10.5 million tax claim, and the Empresa Eléctrica was presented with new demands by the union of its workers.

DOMESTIC AFFAIRS

Arbenz Reaffirms Leftist Program at Labor Day Parade: President Arbenz forcefully restated his Administration's leftist policies in

JCHill:rd/cs
REPORTER

SECRET/EXDIS ONLY

FILED

NOV 2 - 1955

ACTION COPY — DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

E790005-0825

an International Labor Day speech with strong anti-United States overtones delivered before some ten thousand Communist-led workers who paraded to the National Palace. He thanked the workers and peasants for their support, alluded to the benefits of the Agrarian Reform and then went on to say that Guatemala had won more than a moral victory at the "battle of Caracas" where it had opposed a new interpretation given to the Rio Treaty to make it an instrument for intervening in Guatemala's internal affairs. He characterized the State Department's $15 million claim on behalf of the United Fruit Company as "absurd," an "extortion," and "monstrous, barbarous and indescribable." He called for abolition of the H-bomb and negotiations among the big powers.

The President spoke after Víctor Manuel Gutiérrez, Communist Secretary General of the National labor federation, CGTG, and Leonardo CASTILLO Flores, fellow-travelling Secretary General of the National peasant federation, CNCG. The former dwelt on the alleged threat that Guatemala would be invaded by forces aided by "governments servile to the Yankee monopolies" and said the United States mutual assistance pact with Nicaragua was designed to provide a base for an attack on Guatemala. Castillo Flores, in a briefer speech, also took an "anti-interventionist" line but placed more emphasis than Gutiérrez on the Agrarian Reform. The President then was introduced by Carlos Manuel Pellecer, Communist Secretary of Conflicts of the CGTG, who also obtained from the crowd authorization by show of hands to send a telegram to the Geneva Conference asking for withdrawal of foreign troops from Korea, "independence" for Vietnam and otherwise supporting the Soviet position.

Police Suppression in Evidence: Police on April 27 took five secondary school students into custody on charges of having painted the new anti-Communist symbol "32" on city walls and released them after grilling them in jail. Persons purporting to be security policemen also arrested a certain Arturo SAVARIA and his son, Carlos Enrique SAVARIA, breaking into the latter's home without showing a warrant. His wife has been unable to obtain any admission from the authorities that the two are being held and petitions to the courts for habeas corpus have therefore been unavailing.

Agrarian Reform Disturbances in Chiquimula: Illustrating the ubiquity of Communist agitators in rural Guatemala, four persons were killed and a number wounded on April 30 at El Saltirón, Department of Chiquimula, as a result of a battle between two groups of peasants arising from a question about the distribution of communal lands. Antonio MENROY, the Department's non-Communist Deputy, blamed the incident on the maneuvers of one Juval CETINO, Communist Secretary General of the Local Agrarian Committee, but the Communist Tribuna Popular blamed it on the local chief of the Renovación Nacional party. The National Agrarian Department sent one of its inspectors, Juan Rafael VETORAZZI, to investigate and he agreed with the Tribuna Popular version. Vetorazzi is also a Communist party member.

PGT to Seek More Seats in Congress: César MONTENEGRO Paniagua, Deputy of the Communist Partido Guatemalteco del Trabajo (PGT), told reporters this week that the PGT would request that it be allotted more seats in Congress by the Administration's "National Democratic Front" in the Congressional elections which are to take place late this year or early in 1954. The PGT now holds four of the 56 seats but Montenegro Paniagua claimed that the party's growth entitled it to a greater representation, though he refused to give a specific number.

PSYCHOLOGICAL

Clandestine Anti-Government Radio Causes Sensation: A clandestine anti-Communist radio station calling itself "La Voz de la Liberación" went on the air on May 1. It rapidly became a principal topic of conversation among the public and apparently gave the authorities a bad case of nerves. On May 1 local newspapers carried an apparently routine half-page advertisement of a "new Mexican radio station" but when listeners tuned in they heard a program strongly attacking the Arbenz Administration and the Communists. In the ensuing days the station, which was heard clearly, picked up more listeners as the country was swept by speculation as to where the station was located and who was its sponsor.

The authorities were clearly nervous at this evidence of organized anti-government activity. The police alternately told the press that the discovery of the station was imminent and that it was outside the country. The Ministry of the Interior ordered an investigation. The electricity in the Guatemala City area was turned off during one of the programs in an apparent effort to find out if the station drew its power from the main system.

Drive Against Independent Radios Continues: Continuing the Government's drive to muzzle anti-Communist radio programs, Carlos Alvarado Perez, Communist Director General of Radio Broadcasting, on April 29 sent a circular to all private stations pointing out that there was a legal requirement that they send to his office a recording of all programs dealing with internal or foreign politics. He cited Article 37 of the 1951 radio and press law (Ley de Emisión del Pensamiento Por Medios de Difusión) but failed to mention that this gave the stations the alternative of merely giving 48 hours notice that programs carrying such material would go on the air. Station owners are publicly concerned about the expense of the recordings, privately worried that they will be used against them if anti-government material appears.

AMERICAN INTERESTS

Guatemala's $10 Million Tax Claim Against IRCA Railroad: Mr. Harold Hasse, General Manager of the Guatemalan Division of the International Railways of Central America (IRCA), was notified by

the Minister of Finance that the company had 60 days in which to answer a claim for $10,463,468.83 which the Guatemalan tax authorities say is owed as taxes on profits remitted abroad.

Empresa Eléctrica Faces New Demands From Labor: Guatemala's U.S.-owned Empresa Eléctrica was presented on April 28 with demands by the union of its workers to renegotiate its collective labor contract to provide for new fringe benefits. These included full pay for the first six months of absence because of sickness, pensions of 75% of regular earnings after 25 years of service, and a Christmas bonus of one month's salary. Wage increases are not involved as the Labor Court of Appeals last October granted a 25% increase effective for two years from July 16, 1955. The company manager plans to inform the union that the new demands are unacceptable.

William L. Krieg
Chargé d'Affaires a.i.

cc: C.A. Missions & routine